MANAGEMENT'S DISCUSSION AND ANALYSIS – THREE AND NINE MONTHS ENDED AUGUST 31, 2016 AND AUGUST 31, 2015

1. General

The following Partner Jet Corp. (the "Company") management's discussion and analysis ("MD&A"), of operating results and financial position for the three and nine months ended August 31, 2016 and August 31, 2015, is supplementary to, and should be read in conjunction with the condensed consolidated interim financial statements for the same periods, as well as the audited consolidated financial statements for the year ended November 30, 2015. The condensed consolidated interim financial statements and management's discussion and analysis for the three and nine months ended August 31, 2016 and August 31, 2015 were reviewed by the Company's Audit Committee and approved by the Board of Directors. This discussion covers the last completed fiscal period and the subsequent period up to the date of the filing of this MD&A. This MD&A is dated October 26, 2016.

Additional information on the Company can be found on the Company's website at www.partnerjet.com and through the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

2. Forward Looking Statements

This management's discussion and analysis contains statements about expected future events and financial and operating results of Partner Jet Corp. that are forward looking. By their nature, forward looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. These forward looking statements are based on the current estimates and opinions of management. There is substantial risk that forward looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on the Company's forward looking statements as a number of factors including economic conditions, industry change, technological change, regulatory change, and competitive factors, could cause actual future results, conditions, actions or events to differ materially from targets, expectations, estimates or intentions expressed in the forward looking statements; many of which are beyond the Company's control. A significant risk factor identified by the Company which could cause actual results to differ materially from the current expectations is the retention of the existing contracts with independent corporations for the care, custody and control of their aircraft. The Company mitigates these risks and uncertainties by focusing its sales energies on securing additional customer contracts and exploring for new related revenue streams. Readers are cautioned that forward-looking statements are not guarantees of future performance.

3. Overview

Partner Jet Corp. is incorporated under the laws of Ontario and its shares are currently posted for trading on the TSX Venture Exchange (PJT:TSX-V). The Company, through its subsidiary Partner Jet Inc., carries on the business of a full service flight management and aircraft sales company capable of operating a wide range of corporate aircraft. The Company's revenue is generated through operating contracts, which cover the piloting and operation of aircraft owned by independent corporations, through charter and sub-charter activities, and through aircraft maintenance contracts.

3. Overview (Continued)

Essential to the management contracts is the 704 commercial license granted by Transport Canada to Partner Jet Inc. This licencing permits Partner Jet Inc. to operate a domestic and international air taxi service utilizing small jet aircraft and to transport passengers on a charter basis between Canada and other countries.

Partner Jet Corp. and its subsidiary are located at one centralized location at 2450 Derry Road East, Hangar #9, Mississauga, Ontario. These recently renovated facilities house activities that include: sales, reservations, dispatch, maintenance, administration and accounting. The hangar is controlled by the Company, and is large enough for continued expansion.

The Company's overall financial performance for the nine months ended August 31, 2016 declined from that of the same period in the previous fiscal year. The result of this performance was a net income after income taxes for the nine months ended August 31, 2016 of $180,064, compared to the same period ended August 31, 2015 net income after income taxes of $520,583. The earnings per share for the first nine months of fiscal 2016 was $0.0198 compared to the same period of fiscal 2015 earnings per share of $0.0573.

The Company's working capital of $1,801,502 as at August 31, 2016 increased by $256,974 from the November 30, 2015 amount of $1,544,528. This increase is due to income from operations, appropriate cash management, monitoring of accounts receivables, and control over prepaid expenses, accounts payables and accrued liabilities. Correspondingly, the Company has no debt and is able to fund all capital requirements and all operations with internally generated cash flow and working capital.

The Company's intention is to continue to grow by marketing its unique product mix throughout the Canadian marketplace while exploring possible opportunities for expansion into related product offerings.

4. Discussions of Operations

The Company's operations consist of revenues generated from the management, chartering of excess capacity, and maintenance of aircraft owned by independent corporations. The results of operations for the nine months ended August 31, 2016 and August 31, 2015 are as follows:

Aircraft Management	Revenue $	Expense $	Margin $	Margin %
Fiscal 2016 3rd Quarter	1,457,181	1,257,621	199,560	13.7%
Fiscal 2015 3rd Quarter	1,303,398	1,076,976	226,422	17.4%
Fiscal 2016 1st Nine Months	4,913,672	4,218,236	695,436	14.2%
Fiscal 2015 1st Nine Months	4,977,730	4,412,497	565,233	11.4%

Aircraft management revenue for the quarter ended August 31, 2016 was $1,457,181, an increase of $153,783 (an increase of 11.80%) from the same period in fiscal 2015. The increased volume was primarily due to the increased aircraft activities.

The aircraft operating cost for the quarter ended August 31, 2016 was $1,257,621, an increase of $180,645 (an increase of 16.77%) from the same period in fiscal 2015. This proportionate increase in aircraft operating cost was due to the increase in aircraft activities as noted above.

4. Discussions of Operations (Continued)

The net result of these changes was a positive third quarter margin contribution from aircraft management services of $199,560.

Aircraft management revenue for the nine months ended August 31, 2016 was $4,913,672, a decrease of $64,058 (a decrease of 1.29%) from the same period in fiscal 2015. The decreased volume was primarily due to the decreased aircraft activities.

The aircraft operating cost for the nine months ended August 31, 2016 was $4,218,236, a decrease of $194,261 (a decrease of 4.40%) from the same period in fiscal 2015. This proportionate decrease in aircraft operating cost was due to the decrease in aircraft activities as noted above.

The net result of these changes was a positive first nine month's margin contribution from aircraft management services of $695,436.

Charter Activities	**Revenue**	**Expense**	**Margin**	**Margin**
	$	**$**	**$**	**%**
Fiscal 2016 3rd Quarter	845,584	801,914	43,670	5.2%
Fiscal 2015 3rd Quarter	810,727	716,233	94,494	11.7%
Fiscal 2016 1st Nine months	2,773,098	2,591,326	181,772	6.6%
Fiscal 2015 1st Nine months	3,457,900	3,113,813	344,087	10.0%

The charter rates per hour charged by Partner Jet for each of the aircraft managed by the Company remain unchanged for the first nine months of fiscal 2016, fixed by the long-term contracts with the aircraft owners.

The revenue from charter activities for the third quarter of fiscal 2016 was $845,584, an increase of $34,857 (an increase of 4.30%) from the same period in fiscal 2015. The increase was attributed to the increased flight volumes from our charter customers.

The cost from charter activities for the third quarter of fiscal 2016 was $801,914, an increase of $85,681 (an increase of 11.96%) from the same period in fiscal 2015. This proportionate increase was due to the increase in flight volumes as noted above.

The charter activities made a $43,670 contribution to the operating margin in the third quarter of fiscal 2016 as compared to $94,494 for the same period in fiscal 2015.

The revenue from charter activities for the first nine months of fiscal 2016 was $2,773,098, a decrease of $684,802 (a decrease of 19.80%) from the same period in fiscal 2015. The decrease was attributed to the decreased flight volumes from our charter customers.

The cost from charter activities for the first nine months of fiscal 2016 was $2,591,326, a decrease of $522,487 (a decrease of 16.78%) from the same period in fiscal 2015. This proportionate decrease was due to the decrease in flight volumes as noted above.

The charter activities made an $181,772 contribution to the operating margin in the first nine months of fiscal 2016 as compared to $344,087 for the same period in fiscal 2015.

4. Discussions of Operations (Continued)

Aircraft Maintenance	Revenue $	Expense $	Margin $	Margin %
Fiscal 2016 3rd Quarter	729,835	714,712	15,123	2.1%
Fiscal 2015 3rd Quarter	1,266,170	1,252,768	13,402	1.1%
Fiscal 2016 1st nine months	1,845,700	1,817,876	27,824	1.5%
Fiscal 2015 1st nine months	2,825,986	2,788,869	37,117	1.3%

Controlling customer costs are basic to the Company's fleet growth. Scaled maintenance support has been subcontracted to an established aircraft maintenance organization (AMO) licensed to support all aircraft types operated by the Company and able to supply services on demand. This has significantly reduced costs while improving dispatch performance, work quality and customer satisfaction. Sustained cost control remains critical to attracting and retaining management customers which is reflected by the increased revenues and minimal maintenance margins. Aircraft maintenance revenue for the quarter ended August 31, 2016 was $729,835, a decrease of $536,335 (a decrease of 42.36%) from the same period in fiscal 2015. The decrease in maintenance revenue was related to the lower levels of scheduled maintenance.

Aircraft maintenance cost for the quarter ended August 31, 2016 was $714,712, a decrease of $538,056 (a decrease of 42.95%) from the same period in fiscal 2015. The decrease was directly related to the factor discussed above.

The maintenance activities made a $15,123 contribution to the operating margin in the quarter ended August 31, 2016 as compared to $13,402 for the same period in fiscal 2015.

Aircraft maintenance revenue for the nine month ended August 31, 2016 was $1,845,700, a decrease of $980,286 (a decrease of 34.69%) from the same period in fiscal 2015. The decrease in maintenance revenue was related to the lower levels of scheduled maintenance.

Aircraft maintenance cost for the nine months ended August 31, 2016 was $1,817,876, a decrease of $970,993 (a decrease of 34.82%) from the same period in fiscal 2015. The decrease was directly related to the factor discussed above.

The maintenance activities made a $27,824 contribution to the operating margin in the first nine months ended August 31, 2016 as compared to $37,117 for the same period in fiscal 2015.

Expense – General Operations	Expense $
Fiscal 2016 3rd Quarter	217,135
Fiscal 2015 3rd Quarter	176,878
Fiscal 2016 1st Nine months	637,314
Fiscal 2015 1st Nine months	505,582

The expense from general operations for the third quarter of fiscal 2016 was $217,135, an increase of $40,257 (an increase of 22.76%) from the same period in fiscal 2015. This increase in expenses was related to the increased sales and marketing expense in the third quarter of fiscal 2016.

4. Discussions of Operations (Continued)

Expense – General Operation (continued)

The expense from general operations for the first nine months of fiscal 2016 was $637,314, an increase of $131,732 (an increase of 26.06%) from the same period in fiscal 2015. This increase in expenses was related to the one-time stock-based compensation expense in the first nine months of fiscal 2016 and the reversal of accrued interest expenses in the first nine months of fiscal 2015 offset the foreign exchange gain and the increased sales and marketing expenses in the first nine month of fiscal 2016.

Overall Performance

The first nine months of fiscal 2016 incurred a net income after income taxes of $180,064 compared to a net income after income taxes of $520,583 in the same period of fiscal 2015, which reflects the decreased profitability due to the factors discussed above, including the decrease in aircraft activities of corporate aircraft managed, the decrease in flight volumes from our charter customers, the lower levels of scheduled maintenance and the increased general administration expenses.

5. Summary of Quarterly Results

The following table shows selected consolidated financial information for the Company, prepared in accordance with IFRS, for the eight most recently completed quarters (unaudited):

	Aug-16	May-16	Feb-16	Nov-15	Aug-15	May-15	Feb-15	Nov-14
	$	$	$	$	$	$	$	$
Operations:								
Total revenue	3,032,600	3,340,354	3,159,516	2,851,142	3,380,295	3,872,428	4,133,444	4,555,864
Income before taxes	41,218	120,285	106,215	82,019	157,449	112,961	294,996	190,674
Net income	29,313	87,920	62,831	59,336	112,626	112,961	294,996	190,674
Basic earnings per share	.0032	.0097	.0069	.0065	.0124	.0124	.0325	.021
Fully diluted earnings per share	.0032	.0097	.0069	.0065	.0124	.0124	.0325	.021
Financial Position:								
Total assets	3,904,151	3,719,879	3,474,627	3,676,072	3,630,466	3,557,684	3,308,489	2,968,349
Shareholders' Equity	1,842,199	1,812,886	1,724,966	1,604,635	1,545,299	1,432,673	1,319,712	1,024,716

6. Liquidity and Capital Resources

The Company's working capital of $1,801,502 as at August 31, 2016 is comprised of highly liquid assets which are sufficient to fund the Company's operations in the foreseeable future. The Company's revenue streams and resulting cash flow are also anticipated to be sufficient in the foreseeable future. Partner Jet has no immediate material capital acquisition needs that cannot be funded from cash flows generated from ongoing operations. The Company has no immediate plans to generate capital by issuing shares.

Working Capital as at	August 31, 2016	November 30,2015
Current Assets		
Cash and cash equivalents	$ 878,359	$ 949,001
Short-term investments	18,418	33,333
Trade and other receivables	2,834,244	2,438,526
Prepaid expenses	132,433	195,105
Current Liabilities		
Trade payables and accrued liabilities	$ 1,864,661	$ 1,794,654
Income taxes payable	11,905	33,347
Unearned revenue	185,386	243,436
Working Capital	$ 1,801,502	$ 1,544,528

6. Liquidity and Capital Resources (Continued)

	Three months ended		Nine months ended	
	August 31 2016	August 31 2015	**August 31 2016**	August 31 2015
Cash provided by (used in)				
Operating Activities				
Net and comprehensive income	**$ 29,313**	$ 112,626	**$ 180,064**	$ 520,583
Non-cash items:				
Amortization	**6,470**	7,309	**19,410**	21,927
Stock-based compensation	**-**	-	**57,500**	-
Unrealized loss (gain) on short-term investments	**(631)**	3,124	**485**	7,160
	35,152	123,059	**257,459**	549,670
Changes in non-cash working capital balances:				
Short-term investments	**-**	-	**(5,070)**	-
Trade and other receivables	**187,794**	503,469	**(395,718)**	(405,644)
Prepaid expenses	**34,756**	113,321	**62,672**	172,265
Trade payables and accrued liabilities	**165,746**	74,215	**70,007**	287,907
Income taxes payable	**(20,460)**	-	**(21,442)**	-
Unearned revenues	**9,673**	(114,059)	**(58,050)**	(146,373)
Cash provided by (used in) operating activities	**412,661**	700,005	**(90,142)**	457,825
Investing Activities				
Maturity of short-term investments	**-**	-	**19,500**	-
Cash provided by (used in) investing activities	**-**	-	**19,500**	-
Increase (decrease) in cash	**412,661**	700,005	**(70,642)**	457,825
Cash and cash equivalents, beginning	**465,698**	161,610	**949,001**	403,790
Cash and cash equivalents, ending	**$ 878,359**	$ 861,615	**$ 878,359**	$ 861,615
Comprised of:				
Cash	**$ 860,493**	$ 843,882	**$ 860,493**	$ 843,882
Cash equivalents	**$ 17,866**	$ 17,733	**$ 17,866**	$ 17,733
Total:	**$ 878,359**	$ 861,615	**$ 878,359**	$ 861,615

Capital Stock

Authorized:
- Unlimited number of Class B preference shares redeemable non-participating and entitled to one vote per share
- Unlimited number of Class C preference shares, issuable in series, and entitled to one vote per share
- Unlimited number of common shares

Stated:

9,078,774 common shares	$1,102,694

	Number	Amount
Balance as at August 31, 2016 and November 30, 2015	9,078,774	$1,102,694

6. Liquidity and Capital Resources (Continued)

The Company has an incentive stock option plan in place for its directors, officers, employees and consultants. Options may be granted for a period not exceeding five years at an option price not less than the market price of the shares at the time the option is granted subject to a minimum price of $0.10. The maximum number of common shares which may be set aside for issuance under the plan is 907,877. From time to time, such number may be increased subject to approval of the shareholders of the Company. The maximum number of common shares that may be reserved for issuance to any one person under the plan is 5% (2% with respect to consultants) of the common shares outstanding at the time of the grant, less the number of shares reserved for issuance to such person.

Stock Options Activity

	August 31, 2016		November 30, 2015	
	Number of Options	Weighted average Exercise price	Number of Options	Weighted average Exercise price
Balance, beginning of period	0	$ 0.00	0	$ 0.00
Granted	250,000	$ 0.40	0	$ 0.00
Exercised	0	$ 0.00	0	$ 0.00
Cancelled	0	$ 0.00	0	$ 0.00
Balance, end of period	250,000	$ 0.40	0	$ 0.00

On February 03, 2016, the Company granted 250,000 options to a total of five directors to purchase common shares exercisable at a price of $0.40 per common share over a period of five years.

The fair value of stock options granted in fiscal 2016 was estimated using the Black-Scholes option pricing model on the date of the grant with the following weighted average assumptions.

Options granted	250,000
Stock price at grant date	$ 0.40
Exercise price	$ 0.40
Risk-free interest rate	0.75%
Expected option life	5 years
Expected volatility	68.79%
Expected dividend yield	0%
Fair value of stock option	$ 0.23

7. Commitments

The Company's subsidiary is committed to the following minimum payments under operating leases for office and aircraft hangar space:

	Minimum Payments
Not later than one year	$ 515,556
Later than one year and not later than five years	42,963
Later than five years	0
Total	$ 558,519

8. Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements or obligations other than the operating leases disclosed above.

9. Related Party Transactions

Related parties include the members of Board of Directors, shareholders, and enterprises which are controlled by these individuals.

Pursuant to arrangements between the Company and Flight Solutions & Services Inc. ("FSS"), MX Aerospace Services ("MX") and UYJ Air Inc. ("UYJ", and together with FSS and MX, the "Related Companies"), the Related Companies provide a range of services to the Company, including administrative, technical, regulatory, systems and support services (collectively, the "Services"). Each of the Related Companies is 100% owned and controlled by Ian McDougall, the Vice Chairman of the board of directors and Interim Chief Executive Officer of the Company. In addition, Mr. McDougall, through FSS, is also a significant shareholder of the Company. As such, the Related Companies are each related parties of the Company.

Through these arrangements, the Company is able to leverage the Related Companies' existing commercial arrangements to obtain labour, maintenance, fuel and insurance at a discount to prevailing market prices. In particular, FSS and MX provide maintenance services, parts and fuel supplies. UYJ has provided charter services to the Company. The Related Companies have supplied overload staff and administrative services to the Company from time to time as required on a scalable basis to permit the Company to limit fixed staff commitments. In each case, the Services provided are services that are required for the Company to operate its business. The purpose of obtaining the Services from the Related Companies is that the Company is able to obtain these services on terms superior to those that would otherwise be available to the Company if the Services were contracted from a third party.

The following table summarizes the Company's related party transactions for the nine months ended:

	August 31 2016	August 31 2015
Aircraft management revenues:		
Revenue from a company controlled by a Director	$383,925	$425,193
Charter revenues:		
Revenue from a company controlled by a Director		$192,522
Maintenance revenues:		
Revenue from a company controlled by a Director	$6,814	$71,133
Aircraft operating costs:		
Purchases from companies controlled by a Director	$984,998	$1,082,891
Charter costs:		
Purchases from companies controlled by a Director	$288,154	$965,596
Maintenance costs:		
Purchases from a company controlled by a Director	$1,817,876	$2,788,734
General and administrative expenses:		
Directors fees and related director expenses	$26,401	$23,533
Administrative services from a company controlled by a Director	$171,000	$171,000
Office expenses paid by companies controlled by a Director	$9,645	$9,024

9. Related Party Transactions (Continued)

The remuneration of the key management personnel during the periods were as follows:

	Three months ended		Nine months ended	
	August 31, 2016	August 31, 2015	August 31, 2016	August 31, 2015
Short-term benefits	$22,500	$22,500	$67,500	$92,500
Total remuneration	**$22,500**	**$22,500**	**$67,500**	**$92,500**

The following table summarizes the Company's receivables and payables from related parties as at:

	August 31 2016	November 30 2015
Trade and other receivables:		
Receivable from companies controlled by a Director	$ 777,945	$ 335,873
Prepayments:		
Prepaid to a company controlled by a Director	$ 98,255	$ 98,255
Trade payables and accrued liabilities:		
Payable to companies controlled by a Director	$ 1,432,370	$ 1,272,645
Payable to Directors	$ 5,632	

These transactions were in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The costs of these transactions are market competitive. Through these transactions, the Company has generated cost-savings over a wide range of items as a result and the benefits of these reductions have been passed to the Company's customers.

The related party transactions are reviewed by the Audit Committee which is made up exclusively of independent directors. Material includes competitive standards and quotes and identifiable gain for the Company in terms of costs and revenues.

10. Critical Accounting Estimates

The preparation of these condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. Actual outcomes could differ from these estimates.

Reported amounts which require management to make significant estimates and assumptions include allowance for doubtful accounts, property, plant and equipment, deferred taxes. These items are discussed below.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Allowance for doubtful accounts

The Company reviews the age of accounts receivables, the credit history of the customers, and the financial strength of the customers to evaluate the collectability of the accounts receivables and provide for an allowance for doubtful accounts, if necessary, based on management's best estimates.

10. Critical Accounting Estimates (Continued)

Property, plant and equipment

Certain costs incurred are capitalized and amortized over the estimated useful lives of the respective assets. The carrying value of the assets depends on the estimated useful life, which is the period over which the assets are written off. If the estimated useful lives of these assets were materially incorrect, the Company would experience increased or decreased changes to amortization charges in the future, which in turn would result in material changes to the net income.

Deferred taxes

Deferred tax assets are only recognized to the extent that it is probable that there will be sufficient taxable income against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The Company reviews the carrying amount of deferred tax assets at the end of each reporting period which is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

There have been no material changes in critical accounting estimates during the first nine months of fiscal 2016.

11. Accounting Policy Developments

Initial application of standards and interpretations

The following standards have been applied for the periods beginning on or after January 1, 2016, and had no effect on the Company's financial statements or performance:

	Effective for periods starting on or after
IFRS 7 *Financial Instruments Disclosure*	January 1, 2016

New standards and interpretations not yet adopted

Certain new standards, amendments to existing standards, and interpretations were issued by the International Accounting Standard Board ("IASB") that are mandatory but not yet effective for the current reporting period, and therefore have not been applied in preparing these consolidated financial statements. The following standards may that have a material impact on future consolidated financial statements of the Company:

	Effective for periods starting on or after
IAS 7 *Statement of Cash Flows*	January 1, 2017
IFRS 9 *Financial Instruments*	January 1, 2018
IFRS 15 *Revenue*	January 1, 2018
IFRS 16 *Leases*	January 1, 2019

IAS 7 *Statement of Cash Flows* is an amendment that requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes from cash flows and non-cash changes. The latest date of mandatory implementation of IAS 7 is January 1, 2017.

11. Accounting Policy Developments (Continued)

New standards and interpretations not yet adopted (continued)

IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement,* and applies to classification and measurement of financial assets and financial liabilities. This is a three-phase project with the objective of improving and simplifying the reporting for financial instruments. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 may have an impact on the classification and measurement of financial assets, but will potentially have no impact on classification and measurement of financial liabilities.

IFRS 15 establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model for an entity to recognize revenue in order to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. IFRS 15 supersedes the following standards: IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue-Barter Transactions involving Advertising Services*.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, the customer ("lessee") and the supplier ("lessor"). This will replace IAS 17 *Leases* and related interpretations. IFRS 16 provides revised guidance on identifying a lease and for separating lease and non-lease components of a contract. IFRS 16 introduces a single accounting model for all lessees and requires a lessee to recognize right-of-use assets and lease liabilities for leases with terms of more than 12 months, unless the underlying asset is of low value, and depreciation of lease assets separately from interest on lease liabilities in the income statement. Under IFRS 16, lessor accounting for operating and finance leases will remain substantially unchanged. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted for entities that apply IFRS 15 *Revenue from Contracts with Customers*.

The Company is in the process of determining the extent of the impact of these standards on its consolidated financial statements.

12. Financial Instruments and Risk Management

Financial Assets and Liabilities

The Company has classified cash and cash equivalents and short term investments as fair value through profit or loss. Trade and other receivables are classified as loans and receivables, and measured at amortized cost. Trade payables and accrued liabilities are classified as other financial liabilities, and measured at amortized cost.

The carrying values and fair values of financial assets and liabilities as at August 31, 2016 and November 30, 2015 are summarized as follows:

Fair Values

The carrying values of the Company's financial instruments comprising of cash and cash equivalents, short-term investments, trade and other receivables, and trade payables and accrued liabilities approximate the fair value due to their short-term maturity.

12. Financial Instruments and Risk Factors (Continued)

Risk Management

The Company is exposed to risks that arise from its use of financial instruments. The Company's financial instruments comprise of cash and cash equivalents, short-term investments, trade and other receivables, and trade payable and accrued liabilities. Disclosures relating to exposure to risks, in particular credit risk, foreign currency risk, concentration risk, market risk and liquidity risk are provided below.

a) Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, comprise primarily of cash and cash equivalents, and trade and other receivables. The maximum exposure to credit risk of these items is the carrying amount as reported on the financial statements. Cash and cash equivalents are maintained at a major Canadian financial institution. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions of reputable credit and therefore bear minimal risk. Credit risk on trade and other receivables is minimized as a result of the constant review and evaluation of the account balances. The Company also maintains an allowance for credit losses at an estimated amount, allocating sufficient protection against losses resulting from collecting less than full payments from its receivables. Bad debt expenses were immaterial for the reporting period. The Company manages its credit risk relating to its trade receivables through credit approval and monitoring procedures, including senior management prior approval of all sales. Such approvals are based on trade information, payment history, credit rating and financial analysis, where possible.

b) Foreign Currency Risk

The Company is exposed to currency risk as certain of its operating activities are transacted in US dollars, resulting in the holding of related financial instruments in US dollars. At the statement date, the Company had financial instruments denominated in US currency as shown below. Management has not deemed it necessary to use derivative financial instruments to reduce exposure to foreign exchange risk.

In US dollars	August 31 2016	November 30 2015
Cash and cash equivalents	$12,045	$9,423
Trade and other receivables	157,371	143,932
Trade payables and accrued liabilities	(263,542)	(162,341)
Net US Dollar assets (liabilities)	($94,126)	($8,986)

The amounts were translated at the US dollar / Canadian dollar exchange rate of 1.3124 as at August 31, 2016 (1.3333 as at November 30, 2015).

c) Concentration Risk

The Company is exposed to customer concentration risk as the Company's ability to continue its operations depends heavily on the retention of the existing contracts with independent corporations for the care, custody and control of their aircraft. The Company mitigates these risks and uncertainties by focusing its sales energies on securing additional customer contracts and exploring for new related revenue streams.

12. Financial Instruments and Risk Factors (Continued)

Risk Management (continued)

d) Market Risk

The Company's investments are exposed to market risk arising from uncertainties about future values of the investments. The Company manages market risk through diversification and investing only in blue-chip equities with a history of stable return listed on various public stock exchanges. Senior management reviews the equity portfolio on a regular basis.

e) Liquidity Risk

The Company is exposed to liquidity risk to the extent that it is required to meet its financial obligations as these become due. The Company's approach to managing liquidity risk is to ensure that it has sufficient cash and other current financial assets to meet its obligations when due, without incurring unacceptable losses or damage to the Company's reputation. Management forecasts cash flows to identify financing requirements. These requirements are then addressed through a combination of cash management and access to additional capital.